

## Message Text

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PAGE 01 NEW DE 18708 300912Z  
ACTION NEA-10

INFO OCT-01 ISO-00 IGA-02 AID-05 CIAE-00 EB-07 FRB-03  
INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02  
CIEP-01 OMB-01 L-03 /053 W  
-----300931Z 029401 /10

R 300708Z DEC 76  
FM AMEMBASSY NEW DELHI  
TO SECSTATE WASHDC 303  
INFO USDOC WASHDC

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FOR NEA/INS - DENNIS KUX

MADRAS 2350 FOLLOWS. SENT TO NEW DELHI FOR ACTION ON 29 DEC 76.  
BEING RPT FOR YOUR INFO/ACTION.

QUOTE

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FOR BELLOCHI

E.O. 11652: N/A  
TAGS: BTRA, BEXP, IN  
SUBJECT: VISIT OF INDIAN DELEGATION TO WASHINGTON TO  
FINALIZE IBRD LOAN

1. F. J. VAZ, MEMBER-SECRETARY, MADRAS METROPOLITAN  
DEVELOPMENT AUTHORITY, PROVIDED THE FOLLOWING INFORMATION  
REGARDING A DELEGATION WHICH WILL BE IN WASHINGTON FROM  
JANUARY 8 THROUGH 20. THE DELEGATION WILL FINALIZE A \$26  
MILLION IBRD LOAN FOR THE MADRAS METROPOLITAN DEVELOPMENT  
PLAN AND DISCUSS POSSIBLE FUTURE BORROWINGS FROM THE IBRD  
FOR THE SAME PURPOSE. IN ADDITION TO VAZ, THE DELEGATION  
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PAGE 02 NEW DE 18708 300912Z

WILL INCLUDE V. KARTHIKEYAN, GOTN CHIEF SECRETARY,  
S. GUHAN, GOTN FINANCE COMMISSIONER AND SECRETARY, AND  
C. V. S. MANI, GOTN HOUSING COMMISSIONER AND SECRETARY.  
ALL DELEGATION MEMBERS ARE IAS.

2. THE MADRAS METROPOLITAN DEVELOPMENT PLAN PROVIDES

FOR THE INTEGRATED DEVELOPMENT OF A 450 SQUARE MILE AREA WHICH INCLUDES MADRAS CITY WITH AN AREA OF 50 SQUARE MILES AND ITS SUBURBS. THE TOTAL POPULATION OF THE AREA IS PRESENTLY ABOUT 4 MILLION AND IS EXPECTED TO EXCEED TO 7 MILLION BY THE YEAR 2000. THE PLAN COVERS THE 20-YEAR PERIOD BEGINNING IN AUGUST, 1976. AND INCLUDES SEVERAL ELEMENTS AS FOLLOWS: (A) ZONING OF THE AREA WHICH HAS BEEN COMPLETED; (B) IMMEDIATE AND LONG RANGE WATER DISTRIBUTION AND SUPPLY; (C) SEWAGE SYSTEM IMPROVEMENT; (D) TRANSPORTATION IMPROVEMENT INCLUDING ROADS AND THE BUS AND TRAIN SYSTEMS; AND (E) SLUM CLEARANCE AND HOUSING.

3. EXPENDITURE DURING THE FIRST THREE-YEAR PHASE OF THE PLAN IS EXPECTED TO BE \$52 MILLION. THE IBRD LOAN WILL PROVIDE \$26 MILLION FOR THIS PERIOD AT 3/4 PERCENT INTEREST, REPAYABLE OVER 50 YEARS. THE REMAINING \$26 MILLION WILL COME FROM CENTRAL, STATE AND LOCAL GOVERNMENT SOURCES. THE CITY OF MADRAS HOPES TO RAISE ITS SHARE BY INCREASES IN WATER RATES, BUS AND TRAIN FARES, AND THROUGH MORE EFFECTIVE TAX COLLECTION. THE MOST IMPORTANT ELEMENT IN THE FIRST PHASE IS IMPROVEMENT OF THE LOCAL WATER DISTRIBUTION SYSTEM WHICH IS EXPECTED TO COST \$11 MILLION. A WHO TEAM INCLUDING THREE AMERICAN ENGINEERS IS PRESENTLY IN MADRAS WORKING IN THIS AREA. VAZ EXPECTS THAT IN A FEW YEARS WHEN THE PROGRAM IS IN FULL SWING ANNUAL EXPENDITURE WILL RISE TO ABOUT \$60 MILLION.

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PAGE 03 NEW DE 18708 300912Z

4. VAZ DOES NOT BELIEVE THAT THE PLAN OFFERS MUCH OPPORTUNITY FOR U.S. EQUIPMENT SUPPLIERS. GLOBAL TENDERS WILL BE ISSUED IN SOME MAJOR AREAS, EG, IMPROVEMENT AND ELECTRIFICATION OF THE TRAIN SYSTEM AND THE POSSIBLE INSTALLATION OF ABOUT TEN KILOMETERS OF ELEVATED TRACK. HOWEVER, ACCORDING TO VAZ, ALL OF THE EQUIPMENT AND TECHNOLOGY REQUIRED BY THE PLAN WILL BE AVAILABLE IN INDIA, AND INDIAN SUPPLIERS AND CONTRACTORS WILL BE GIVEN PREFERENCE IF THEIR QUOTES ARE NO MORE THAN 15 PERCENT HIGHER THAN THE BEST FOREIGN BID. VAZ STATED THAT THE IBRD HAS CHANGED ITS FORMER POLICY OF LENDING ONLY THE FOREIGN EXCHANGE REQUIREMENTS FOR THIS TYPE OF PROJECT.

5. EMBASSY MAY WISH TO PASS THIS INFORMATION TO THE DEPARTMENT FOR THE ATTENTION OF DENNIS KUX, AND TO USDOC. VAZ INDICATED THAT HE WOULD BE PLEASED TO TALK TO ANYONE FROM THE DEPARTMENT. THE

DELEGATION WILL BE STAYING AT THE WATERGATE OR CAN  
BE CONTACTED THROUGH THE INDIAN EMBASSY.  
MCCASKILL

UNQUOTE  
SCH NEIDER

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 30 DEC 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** GolinoFR  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976NEWDE18708  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D760475-1247  
**From:** NEW DELHI  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1976/newtext/t1976124/aaaaacsy.tel  
**Line Count:** 121  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION NEA  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** GolinoFR  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 15 JUN 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <15 JUN 2004 by buchant0>; APPROVED <16 JUN 2004 by GolinoFR>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** VISIT OF INDIAN DELEGATION TO WASHINGTON TO FINALIZE IBRD LOAN  
**TAGS:** BTRA, BEXP, IN  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006